Old No. C.F. 73 New No. 24—

Public works DEPARTMENT.

Paper taken out of the Records from the charge of the Referencer.

Press / Miscellaneous / Routine No. 145-146, dated 17-1-1872 195 .

Date taken out.	For what purpose. Department.	C. No.	Year.	Initials of clerk taking the paper or of attender.	Date returned.	Initials of attender.
7/8/59	Reg. for	No. 7/	59	Cs		
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					19-8/5-59	

Old No. C.F. 73 New No. 24— 552,3235—13-11-57

DEPARTMENT.

Paper taken out of the Records from the charge of the Referencer.

Press / Miscellaneous / Routine No. ____________, dated ______________________ 195 .

Date taken out.	For what purpose.			Initials of clerk taking the paper or of attender.	Date returned.	Initials of attender.
	Department.	C. No.	Year.			

CONCERNS BOTH BRITISH INDIA AND INDIAN STATES.

CONFIDENTIAL.

B.O. 906 of 19 Sept 1885.

READ—the following papers :—

From H. M. DURAND, Esq., Officiating Secretary to the Government of India, Foreign Department (Internal), to the Chief Secretary to Government, dated Simla, 4th November 1884, No. 4069 I.

With reference to the correspondence ending with this office letter, No. 1664 I., dated the 10th of May 1884, regarding the Periyar Irrigation Project, I am now directed to forward, for the information of His Excellency the Governor of Madras in Council, a copy of the correspondence marginally noted upon the same subject.

To Secretary of State, No. 81, dated 27th June 1884.
Extract paragraph 9 from despatch from Secretary of State, No. 53, dated 18th September 1884.

2. It will be observed that Her Majesty's Government decline to sanction the transfer of the Settlement of Tangachéri to the State of Travancore in the face of the objections which have been raised by the inhabitants of the Settlement. The Secretary of State accordingly suggests the offer to the Durbar of an increased pecuniary grant, or of an annual payment, in substitution for this part of the scheme.

3. The Governor-General in Council would be glad to be favored with the opinion of His Excellency the Governor in Council as to whether either of the proposals suggested by the Secretary of State, or any alternative offer which may occur to the Madras Government as suitable, is likely to be accepted by the Travancore Durbar in substitution for the cession of Tangachéri. It is important that the difficulty in regard to the transfer of this Settlement should not be allowed to delay longer than is inevitable the completion of the negotiations which have hitherto progressed satisfactorily, and which, with this exception, have received the approval of Her Majesty's Government.

ENCLOSURE.

EXTRACT paragraph 9 from despatch from Secretary of State, dated 18th September 1884, No. 53.

Paragraph 9. There remains one further and important matter to be noticed in connection with this scheme. Your Excellency has, by your political letter, No. 81, dated 27th June 1884, suggested that, in return for the cession of land required for the head works by the Travancore State, Her Majesty's Government should, besides making a money payment of six lakhs of rupees, cede to the Travancore State the small Christian Settlement of Tangachéri together with certain Pattam gardens, all in the neighbourhood of Quilon. The inhabitants of Tangachéri object strongly to the proposed transfer, and although your Government have made inquiries and have apparently satisfied yourselves that they would suffer no substantial hardship thereby, I am unable, in the face of their distinct opposition, to assent to the measure proposed, and I must ask your Government to reconsider the subject with a view of devising some other means, whether in the shape of an increased pecuniary grant, or an annual payment, or otherwise, by which the just claims of the Travancore State for compensation for the land to be ceded by them may be duly met by Her Majesty's Government.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 25th November 1884.

In regard to the Periyar project.

I sent the papers in demi-official form to the Dewan in view to a subsequent discussion of the matter. He returned them to me this morning and stated—

That he had consulted His Highness the Maharaja.

That he was not willing to accept any money equivalent in lieu of the cession of Tangachéri.

That the only object the Sirkar had in acceptance of the terms offered was to get rid of the annoyance of smuggling at Tangachéri.

That the Pattams of Tumboli, Kattur, &c., formed no inducement.

That the grant of the site of the project was distasteful and would lead, moreover, to an increase of cardamom theft.

I suggested an extra lakh of rupees, but he gave no indication of a possibility of acceptance.

Before laying the matter before the Sirkar in official correspondence, I should be glad to be confidentially instructed as to the best course to pursue.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated 14th January 1885.

With reference to recent correspondence on the subject of the transfer of Tangachéri to Travancore, I am to say that, cession of territory having been absolutely prohibited by the Secretary of State, you must now renew negotiations, and, in personal conference with the Dewan, endeavour to come to some arrangement as speedily as possible, keeping the Government acquainted with what is going on.

If you turn to paragraph 7 of the Dewan's letter of the 29th June 1883, you will find that he there expressed the willingness of the Travancore Sirkar to bow to the final decision of the British Government, and it is hoped that you may be able to effect some agreement on a pecuniary basis which will be regarded as satisfactory by both parties.

The Government attach the very greatest importance to this subject, which, I am to add, should have precedence over all other matters of business.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Quilon, 23rd January 1885.

Your letter regarding the Periyar scheme being directed to Trivandrum did not reach me until the 20th instant, when I was at Cochin.

I wired to the Dewan to meet me at Quilon, and had an interview with him this morning.

I commenced by suggesting that, if a sum be given the interest of which would yield an income equal to that derivable from Tangachéri and the Pattams, this should be considered an equivalent to the territorial cession.

The substance of his reply was that he did not think His Highness the Maharaja would consent.

That the consent to grant the site of the Periyar project at all was in a manner snatched from him by Government.

That the cession was in fact much against his inclination, the loss of territory being considered bad policy and a disgrace.

That the only ground upon which such cession could be favorably viewed was when some territory was accepted in exchange.

That this exchange and the benefit which might accrue from the abolition of smuggling, and also the distant prospect of the construction of a harbour, were the grounds upon which the agreement was tolerated.

That even so, the consent was not a consent of will, but of weakness.

That now to accede to other terms would be considered humiliating to His Highness's administration, and that it was no difference whether two or twenty lakhs were offered in lieu of Tangachéri and the Pattams.

That the objection to exchange Tangachéri has no substantial basis, inasmuch as no objection was seen by the Christian priests, or the Resident, or the Madras Government, and that it was absurd to view in a serious light the objections raised by some interested parties on whose petition the Secretary of State seems to have acted.

That probably these were the persons most interested in the continuance of a state of things which favored a lucrative smuggling trade, and that the Secretary of State should be pressed by the Madras and Supreme Governments to reconsider his objection.

That an independent State should have an independent will, though it may have *nolens volens* to submit to the *vis major*.

Finally, he consented to lay the matter before His Highness the Maharaja as early as possible and to let me know his views in a confidential form, so that, if possible, there should be no deadlock in the negotiations, but that, so far as he knew His Highness's mind, he would not yield.

I confess I have no hope myself of inducing His Highness the Maharaja to alter his determination.

I shall send on the Dewan's letter at once when received. I return to Cochin this evening as I do not think the transactions will be delayed by my being there, and the final survey of the Cochin-Travancore boundary, which I am engaged in verifying, would be seriously delayed by my absence.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated 30th January 1885.

Your demi-official note of the 23rd instant, reporting the result of your interview with the Dewan regarding the cession of Tangachéri and land required for the Periyar project, has been laid before the Members of Government, and I am now to communicate to you the following remarks.

At paragraph 5 of his letter, dated 6th November 1882, No. 2894 (in G.O., dated 21st March 1883, No. 238, Political), the Dewan wrote as follows of the Periyar project: "Towards the execution of a work of such large promise to the British Government, His Highness is desirous of affording every facility in his power;" and, further on, in the concluding sentences of the same letter, he again assures this Government that "His Highness's Government will be only too glad to see so useful a work to the Madras Government carried out and to give their unqualified consent thereto." The above extracts are sufficient to show how entirely groundless is the assertion of the Dewan that the proposed cession of land required for the Periyar project was only *tolerated* by the Travancore Government, and that their consent was not a consent of will, but of weakness.

The refusal to cede Tangachéri comes entirely from the Secretary of State, who has very good reasons for his determination, which have not been shaken by the strong representations of His Excellency the Governor in favor of giving up Tangachéri, which, I am to say, he, personally, in his anxious desire to oblige the Maharaja in every possible legitimate way, was most anxious to do. His Excellency the Governor is now forwarding copy of your letter to the Secretary of State, who will see the thoroughly hostile *animus* of the Dewan.

The doctrine put forward by the Dewan of an independent State having an independent will must not be pushed too far; if pushed too far it means that the Travancore Government have a right to oppose the matured views of the British Government, which could hardly be contended for and which receives no support from the treaty in which His Highness the Maharaja promises to pay at all times the utmost attention to such advice as the English Government may judge it necessary to offer to him.

Article 9.

The Government will now await receipt of the Dewan's letter on this subject which he has promised to send to you after ascertaining the views of the Maharaja; but meanwhile, I am to say, it is thought that perhaps you do not fully appreciate the very serious importance which the Government attach to the early and satisfactory settlement of the Periyar business.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Cochin, 29th January 1885.

I enclose an original * confidential letter (received by me to-day) from the Dewan of Travancore in regard to the Periyar project.

* To be returned.

I have been for some time aware that no money consideration would be willingly received.

I await orders prior to taking any further action in the matter.

ENCLOSURE.

Demi-official letter from V. RAMIENGAR, Dewan of Travancore, to the British Resident in Travancore and Cochin, dated Trivandrum, 26th January 1885.

Since we met at Quilon, I have submitted to His Highness the Maharaja your question whether he would accept any money consideration in lieu of Tangachéri and the Pattams, and I am to communicate to you the following reply.

His Highness is at all times willing to show to the wishes of the British Government the utmost deference compatible with the interests of Travancore, and he feels that he has already done this in the matter of the Periyar project. Tangachéri, Anjengo, and the other small bits of British territory in the midst of Travancore, are notoriously the abodes of smugglers, and, as such, are a source of perpetual annoyance and loss to Travancore, as successive Residents, and none perhaps better than yourself, know. Such being the case, to accept a money compensation for the cession of Travancore territory required for the Periyar works would be to add to and intensify the existing evil. His Highness therefore feels, and feels strongly, that he would not be justified, in the interests of Travancore, in accepting any money payment. Even to the terms finally offered by the Madras Government in March 1883, Travancore's dependent position, not her will, consented, as you will perceive from my letter of the 29th June 1883, No. 1764.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated Fort St. George, 3rd February 1885.

In acknowledging your demi-official of the 29th ultimo, I am to say that the communication now forwarded makes no difference in the opinion of Government expressed in my letter of the 30th January.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Cochin, 2nd February 1885.

Government may be assured that I am fully aware of the importance which they attach to an early settlement of the transactions in connection with the Periyar project.

I shall at once proceed to Trivandrum and do all that in me lies to bring matters to a satisfactory conclusion, but at the same time Government must not be ignorant of the extreme difficulty and delicacy of the task imposed upon me.

Whatever professions of will to assist may have been made in the official correspondence, I have throughout been aware that great reluctance to give up the site existed. A careful consideration of the correspondence will, I think, lead any unbiassed person to the same conclusion The exchange of territory was the sole ground on which the site was granted.

Subsequent to the agreement being made, the feeling against the transfer became general throughout the State, and the Maharaja himself felt strongly on the subject, and, I doubt not, rejoiced exceedingly when the decision of the Secretary of State gave him an opportunity to get out of the engagement altogether.

He is notoriously a stubborn man, and, at the best of times, it would be most difficult to deal with him on a question of this kind.

The present is, however, a peculiarly unfortunate moment for negotiation, inasmuch as he is irritated by the action of Government in regard to the quarrel between the Dewan and Dr. Houston.

Government must dismiss from their minds any idea which may exist that they are dealing with the Dewan. He is a mere mouthpiece in these matters.

In the case of Dr. Houston, I shall not be surprised if the Dewan refuses to apologise and resigns his appointment, in which case the Maharaja will not rest until he has at least the opinion of the British nation on the subject. In fact, in either case, whether the Dewan apologises or not, I have reason to suspect that His Highness the Maharaja has no intention of remaining quiet.

I shall not of course weaken my hand by intruding the subject of Dr. Houston's case prior to attempting a solution of the Periyar difficulty, but I must candidly state that my hopes of success are not sanguine.

I write in haste to save a post and have no time to make a copy of this letter. Will you kindly furnish me with a copy.

Any instruction Government may wish to give me would reach me in time by telegram before Friday night (to Trivandrum).

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated 6th February 1885.

In accordance with your request I send with this a copy of yours to me dated the 2nd instant.

I am now to ask you for further explanation of the following passages in that letter:—

(1) You write:—"Whatever professions of will to assist may have been made in the official correspondence, I have throughout been aware that great reluctance to give up the site existed." Have you or has Barlow anywhere represented this to the Government?

(2) Further on in the same letter you write:—"Subsequent to the agreement being made, the feeling against the transfer became general throughout the State, and the Maharaja himself felt strongly on the subject." Have you ever said so to the Government, and, if so, when and how?

(3) Again, you say:—"In the case of Dr. Houston, I shall not be surprised if the Dewan refuses to apologise and resigns his appointment, in which case the Maharaja will not rest till he has at least the opinion of the British nation on the subject. In fact, in either case, whether the Dewan apologises or not, I have reason to suspect that His Highness the Maharaja has no intention of remaining quiet." His Excellency the Governor does not understand what all this means, and desires that you will give your grounds in detail for this opinion. Please reply to this letter with as little delay as practicable.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 10th February 1885.

Your confidential demi-official of the 6th February has just come to hand, too late to reply by to-day's post.

In reply to your two first questions:—I have never, until now, represented to Government the reluctance of the Travancore State to give up the site of the Periyar project, and I can find no record of Mr. Barlow's having done so.

In regard to your third question:—When I met the Dewan at Quilon, on the 23rd January, he opened the subject of the apology demanded from him by Government on the Houston question. I did not encourage conversation on the point. He said, however (I write from memory), that he thought it was very hard upon

him to submit him to such a humiliation; that it was most discouraging to a man who had been doing the best he could according to his lights, and that he saw no course open to him but to resign, or he had better resign, or words to that effect.

Such is the ground I had for "not being surprised" if the Dewan resigns his appointment.

My grounds for drawing to your notice a course which might possibly be pursued by the Maharaja were based partly on my estimate of his character, and partly on a remark made by him in regard to Houston's case, to the effect that the British Constitution afforded such a gradation of appeal to superior authorities that calm and unbiassed counsels were sure in the end to prevail.

I may be entirely wrong in my opinion but thought it my duty to let you know my suspicion.

I think that the Maharaja feels as deeply in regard to the rebuke administered to his Dewan as though every word of it were addressed to himself. I think also that he considers himself to be perfectly in the right, and, as his is a stubborn character, I think it is not altogether improbable that he may pursue a course which is open to him of laying the case before the Supreme Government, or the Home Government, or even Parliament.

I would not express such views in a public official letter, but I thought that in a confidential form the Government would not mind these possibilities being placed before them.

I enclose copy of a note which I made of an interview with the Dewan, which took place on the 6th instant.

Please let me know whether Government wish me to go on *at once* with the Houston case. I have delayed in communicating the "instructions" to His Highness pending reply to my letter of the 2nd instant.

ENCLOSURE.

NOTE.

The Dewan of Travancore called on me to-day (6th February) and has just left. I spoke to him in regard to the Periyar project, saying that Government were much displeased with the attitude he had taken up in regard to the Periyar project; that the assurances of willingness to assist in carrying out the project were negatived by the action now taken, and that the State, having pledged itself to afford assistance and support, could not now withdraw simply on the ground of non-cession of Tangachéri, for which a money equivalent must compensate. I asked him if he could not now influence His Highness the Maharaja.

He said, "What can I do? You know the sort of man he is; he will not be influenced by me; it is not my doing, as you know very well; I represented the matter to him and sent you his reply."

I said that the Government took a strong view of the Dewan's conduct, and considered he took up a hostile attitude, as evinced by his action both in this case and in Dr. Houston's, and that in the latter case an apology would be insisted upon, but that in regard to this latter matter I would prefer to speak first to the Maharaja.

The Dewan reiterated that he could do no more than he had done, and that he had no power to influence the Maharaja.

He left me in a *very* dejected state.

Whilst writing these last words, a telegram is placed in my hands from "Madras" directing me not to move in the Periyar business until I hear again.

6th February 1885. (Signed) J. C. HANNYNGTON.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 16th February 1885.

I forward copy of notes of an interview I had with the Dewan this morning.

ENCLOSURE.

NOTE.

(Forwarded confidentially to Chief Secretary to Government, 16th February 1885.)

The Dewan of Travancore called on me this morning. He said he had asked the Maharaja privately regarding his views on the subject of the Periyar cession, and that he had received a private note from him which he would show me.

I said I would not mind reading the note, but would not consider it to be an official expression of His Highness's views, as the matter was in abeyance, and I was not at liberty now to treat on the subject.

I read the note. It was to the following effect.

That, as the matter now stood, the transactions in regard to the cession of the Periyar site were at an end, and that Travancore had no wish whatever to re-open negotiations.

That, if the Madras Government wished to re-open the matter, considering it necessary as a matter of State policy, he would state the terms on which he would consent to the cession of the site; that those terms were (1) that the Madras Government should pay for the site a sum of Rs. 50,000 annually, or its equivalent in a lump sum, namely, 12½ lakhs of rupees; (2) that in case of any failure of the project, and the work falling through, then Travancore should have the right to resume the land on repayment of the amount paid by the Madras Government.

That he did not wish to have any haggling (*sic*) about the transaction, and that if the Madras Government would not accept his terms, they might take the land arbitrarily and pay nothing for it.

The first part of the note expressed in sufficiently clear terms that Travancore, under any circumstances, was, and had been, unwilling to grant the site.

Mention was also made, in obscure terms, of the abandonment of a further rectification of the Travancore and British India boundary, to the effect that any concession in this direction by the Madras Government would be a mere flee-bite in comparison with the cession of the site.

The Dewan said that he considered it something that the Maharaja had been induced to consent at all, on any terms, to the cession of the site, and that perhaps if time were given him for cool consideration he might possibly accept easier terms.

The note closed by saying that the Dewan might show the note to the British Resident, who would probably communicate the contents by telegraph to his Government.

I handed back the note to the Dewan, saying I would not telegraph, and would not even officially notice having seen the note.

The Dewan further mentioned that, owing to the non-cession of Tangachéri, the Travancore Government would have to abandon the idea of construction of a harbour at Quilon, as they would not think of constructing such a work unless they had the whole territory embracing the works, as otherwise there might be complications and they might not derive the full benefit of their work.

16*th February* 1885. (Signed) J. C. HANNYNGTON.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated Fort St. George, 24th February 1885.

I am desired to say that the Government wish you, henceforward, as long as you remain in Travancore, to despatch fortnightly letters—copied in a clerkly hand by the Assistant Resident and signed by yourself—to the Chief Secretary explaining how matters are going on in that State. The Government do not like to be informed suddenly that you have throughout been aware that public opinion was strongly opposed to the cession of the piece of mountain land required for the Periyar project (your letter dated 2nd February 1885), and desire you to keep them minutely acquainted with whatever has any sort of bearing—direct or indirect—on the relations of the Travancore State to the British Government. It is also observed that you have sent no information whatever as to the contests which are going on between two sections of the Syrian Church in Travancore, a subject as to which some inquiries have been made of His Excellency the Governor by the Secretary of State. The Government consider that the Resident in Travancore and Cochin should keep his eyes open to everything of importance that occurs in either of these States and show the Government that he does so.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 28th February 1885.

Your letter of the 24th instant. In regard to my having informed the Government suddenly that I was aware that there was a feeling against the cession of the

land required for the Periyar project, I really have always thought that the general feeling in Travancore on the subject was sufficiently demonstrated by the letters and papers attached to G.O., No. 238, Political, dated 21st March 1883, and I was reluctant and did not consider it necessary to intimate to Government that I observed from signs so obscure that they may be likened to the straw which shows how the wind blows, that their order, No. 577, of 9th August 1883, took the State by surprise as it were, and was not well received.

I was absent from India when that order issued, and it was not until my return, in the latter part of 1884, that I became aware of the feeling in regard to this. I then came to infer that the policy of the Travancore Government in giving up the site of the project was not generally considered in a favorable light, and it was when I commenced to draw up the Treaty of Transfer referred to in G.O., No. 398, dated 17th June 1884, that I came to the conclusion that the transfer was not agreeable to the Maharaja.

I came to this conclusion, not from actual words spoken to that effect, but from the manner of the Dewan and the Maharaja whenever in the course of conversation I alluded to the subject.

That, however vague the grounds for any conclusion may have been, that conclusion was correct, events have shown.

At that time, however, the transaction seemed to be definitely settled, and I did not conceive it politic to notify to Government my impressions for which I could not have given any really substantial grounds.

I only mention these circumstances in justification of my silence on the subject.

The fortnightly confidential reports shall be despatched as desired.

From J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Pirméd, 9th May 1885.

* * * * *

I have asked the Dewan to consider the question of receipt of a reasonable rent for the site of the Periyar project. This course has, however, been previously under consideration, and you will find by my confidential of the 16th February that the Maharaja proposes to accept an annual payment of Rs. 50,000, which is a sum not exceeding what was once considered (by Mr. Ballard I think) as a fair equivalent. I should, however, myself consider that Travancore would be fully paid by an annual payment of the interest on between seven and eight lakhs of rupees at 4 per cent., or somewhere about Rs. 30,000. This sum is, in my opinion, far in excess of anything Travancore gives up. It must be remembered that the Maharaja, in the memorandum shown to me, stated that he did not wish to have any "haggling." I think the question might be considered in this sort of way. If the project succeeds it will be worthwhile for the British to pay 50,000 rupees per annum; if it fails they will be heavy losers. Such being the case, let the experiment be made, and from the first day the works are opened let the British pay Rs. 50,000 per annum. If the project fails, let them pay nothing. Travancore will be no loser, except as to rent during the period of work.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated Ootacamund, 13th May 1885.

In acknowledging receipt of your confidential report of the 9th instant, I am to say that the Government wish the proposals in regard to the Periyar project put into definite shape and submitted to them.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Pirméd, 12th May 1885.

I have had a private letter from Mr. Ramiengar which *looks* more hopeful in regard to the Periyar business. He is personally most anxious to have the business satisfactorily concluded and considers that the payment of an annual rent will facilitate the settlement.

I think the shortest way to put you in possession of the situation is to forward the Dewân's letter for your private perusal. Please consider it as headed "Private," and return at your early convenience.

What do you think is the extreme limit to which the Government would go in the way of money payment.

In the face of the calculations on paper the demand of the Maharaja for Rs. 50,000 per annum does not appear so very exorbitant after all, or rather the amount is not in excess of what British India might afford to pay. Travancore's demand is excessive because she loses nothing; the land and the water are valueless to her.

The subjoined memorandum, which I find useful, may, by some possibility, be useful to you. A knowledge of how far Government is prepared to go would of course much assist me and might be confidentially imparted.

Periyar Project.

G.O., No. 2880, dated 6th December 1872.—Government offer Travancore for site half profits of scheme.

G.O., No. 1193, dated 30th April 1873.—Major Oakes calculates this at Rs. 60,000 per annum.

4th October 1873.—Seshiah Sastry asks for Rs. 75,000.

27th November 1873.—Mr. Ballard suggests Rs. 50,000.

20th January 1881.—Government offer six lakhs.

G.O., No. 238, dated 21st March 1883.—Government offer six lakhs + Tangachéri.

G.O., No. 355, dated 27th April 1883.—The latest estimate of cost (including payment of eight lakhs to Travancore) amounts to Rs. 64,41,463.

The returns from the work are estimated to yield a percentage on direct and indirect charges of 8·92 per cent.

ENCLOSURE.

Demi-official letter from V. RAMIENGAR, Dewan of Travancore, to the British Resident in Travancore and Cochin, dated Trivandrum, 7th May 1885.

* * * * * * * *

About the Periyar business. I lost no time, on receiving your letter, in communicating with His Highness. He is quite prepared to meet the wishes of the Madras Government and asks me to add, I use his own words: "I should be sorry if, after this, my Government should be charged with unfriendliness, a thing which will never enter the most distant thoughts of the rulers of Travancore."

Personally, I need hardly say how rejoiced I am that there is at last a prospect of the matter being satisfactorily settled. Speaking for myself, the idea of requiring the site to be rented for an annual sum is a very good one and will facilitate the settlement of the question. I will read up the papers and be prepared to talk to you on your return. Meanwhile, I am sure you will use your good offices to remove any cause for irritation and maintain the good understanding which has always happily subsisted.

NOTE.

There is no doubt that the amount of compensation which it was proposed to pay to Travancore for the land to be taken up for the Periyar project is excessive as compared with the intrinsic value of the property to be acquired. The water we propose to take is waste water, and the land, a very small piece of the unbounded forest in the Travancore State, is almost value less as saleable property. Moreover, as I was informed by Sir Vere Levinge shortly before his death, a

considerable part of the land we now wish to acquire was lately given to Travancore, when settling the boundary of the State, by the Madras Government.

The Government offered Travancore six lakhs and certain concessions of territory, which concessions were objected to by the Secretary of State. The estimate, however, provided eight lakhs as compensation, and the Government would have been prepared to give this amount without any concession of territory. Travancore, however, declines to yield any territory permanently, though an exchange of territory might have been acceptable, and it is now suggested that the land required should be rented by this Government at an annual rental of Rs. 50,000. This sum, at 4 per cent., represents a capital of $12\frac{1}{2}$ lakhs.

There is, of course, no reason why Travancore should not demand a fancy price for the property we require, and the only question seems to be whether the prospective advantages of the project are sufficient to warrant our compliance with their demand without any undignified haggling. To show the financial position, I have had the accompanying statement drawn up, which shows the financial results of the project as submitted to and approved by the Secretary of State; the results of the annual payment of Rs. 50,000 proposed by theTravancore Government is capitalized at 25 years' purchase and added to the direct charges of the project (1) when interest is charged on the capitalized amount, (2) when no interest is charged, and the results if the annual payment is deducted from the revenue (1) from commencement of the works, (2) from date on which the works begin to return a revenue.

Ordinarily the cost of land is provided under direct charges, and as the money has to be paid down from borrowed capital, interest is of course charged on it; but in this case money has not to be paid down, but a yearly payment has to be made, and of course the position is much worse if this payment has to be made before the works are returning a revenue. My figures show that while the project as originally submitted was estimated to return 8·92 per cent. on direct and indirect charges together, the percentage return would be reduced to 8·34 if the annual payment is capitalized, and increase to 9·30 if the annual payment is deducted from Revenue receipts, and the last line of figures shows the surplus revenue that may, under the different circumstances explained, be expected at the end of the eighteenth year from the commencement of the work.

It was originally proposed to pay Travancore eight lakhs in two instalments, viz., four lakhs in the seventh year and four lakhs in the eighth year from the commencement of the works. If the yearly payment was to be made from the year in which revenue is first expected, it would commence from the seventh year, and this would seem an equitable arrangement. I am disposed, however, to think that it would be better to take possession of all land required at once, and to pay rent from date of entering on the land. In this case the financial position would be as shown in column 5, the capital cost of the works (direct charges) would be Rs. 53,85,000 against original estimate of Rs. 61,85,000, the percentage of net revenue on all charges 9·30 against 8·92, and the surplus revenue at end of eighteenth year Rs. 44,100 against Rs. 5,92,000.

Whatever view Government may take of the matter, I think we should stipulate that the rental to be paid should include all land required for the project, be it more or less than the extent originally named, and that we should have the right to cut, without payment, any timber, &c., on the land taken up and to quarry any material required for the works within those limits. The lease should, I suggest, be for 99 years.

(Signed) J. O. HASTED.

30th May 1885.

[*Statement.*]

STATEMENT showing the estimated financial results of the Periyar project.

	Financial results as per forecast statement submitted to the Government of India.	Financial results if the interest of the Travancore Government in the project be purchased by an annual payment of Rs. 50,000 instead of a compensation of eight lakhs provided in the estimates.			
		By adding to the cost of the project the capitalized amount of the annual payment.		By deducting the annual payment from Revenue receipts.	
		If interest is charged on the capitalized amount.	If no interest is charged on the capitalized amount.	If the amount is to be paid from the commencement of the work.	If the amount is to be paid from the year (seventh from commencement of work) in which revenue is first expected to be obtained.
1	2	3	4	5	6
	RS.	RS.	RS.	RS.	RS.
Total cost .. Direct charges ..	61,85,000	66,35,000	66,35,000	53,85,000	53,85,000
Total cost .. Indirect charges ..	2,56,463	2,56,463	2,56,463	2,56,463	2,56,463
Total ..	64,41,463	68,91,463	68,91,463	56,41,463	56,41,463
Gross revenue in the 18th year from commencement of work	7,00,000	7,00,000	7,00,000	7,00,000	7,00,000
Charges in the 18th year from commencement of work	1,25.400	1,25,400	1,25,400	1,75,400	1,75,400
Net revenue in the 18th year from commencement of work	5,74,600	5,74,600	5,74,600	5,24,600	5,24,600
Percentage of net revenue on the total cost excluding indirect charges	9·29	8·66	8·66	9·74	9·74
Percentage of net revenue on the total cost including indirect charges	8·92	8·34	8·34	9·30	9·30
Charge for interest in 18th year from commencement of work	2,47,400	2, 65,400	2,15,400	2,15,400	2,15,400
Surplus revenue in 18th year from commencement of work	3,27,200	3,09,200	3,59,200	3,09,200	3,09,200
Surplus revenue at the end of the 18th year	5,92,000	3,94,100	9,44,100	44,100	3,44,100

Original estimate proposed payment to Travancore Government of four lakhs yearly in seventh and eighth years. Last column proposes payment in seventh year.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated Ootacamund, 19th June 1885.

In acknowledging the receipt of your demi-official of the 12th May last, I write to say that the Government are prepared to take up the land required for the Periyar project at a maximum annual rental of Rs. 50,000, but I am to ask you to try and make better terms if possible. The lease should run for 999 (nine hundred and ninety-nine) years, payment commencing on entry.

The Madras Government stipulate that the rental to be paid should include all land required for the project, be it more or less than the extent originally named, and that they should have the right to cut, without payment, any timber, &c., on the land taken up and to quarry any material required for the works within those limits.

I return the enclosure received with your letter under acknowledgment.

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 19th June 1885.

As the Government desire that I should lay proposals in regard to the Periyar project before them in a definite shape, I proceed to do so.

In doing so, I disclaim responsibility regarding all calculations made as to the cost of the works and the returns to be derived on the expenditure. I start on the supposition that careful calculations have established, as a fact, that the payment of eight lakhs to Travancore added to the cost of the works constitute within eight years a total outlay of Rs. 64,41,463, on which outlay a minimum net profit of 8·92 per cent. is expected.

A short calculation will show that a payment of an extra four and-a-half lakhs to Travancore, distributed in a manner similar to the calculation upon which the estimate is based, will result in an outlay of Rs. 68,91,463, and a minimum profit of 8·06 per cent., or Rs. 5,53,328 instead of Rs. 5,74,600.

This difference does not appear to me to be so great as to raise an insuperable obstacle to the Government closing with the Mahar**â**ja on his own terms; but inasmuch as I consider that the demand is an excessive demand on the part of Travancore, the lands being really almost valueless to that State, I would propose that, instead of paying the full sum at once or within the first few years, it should, if possible, be arranged that nothing should be paid for the first eight years, or until the project be completed, and that at the end of eight years, or upon the completion of the works, the Government should commence to pay Rs. 50,000 per annum with the option of extinguishing the principal (12½ lakhs) by part payments over and above the annual rent. If the works fail or are abandoned at any time, liability to payments should cease and the British claim to the site lapse. Thus, if the work proves a failure, Government will lose only such money as they may have expended in works, or rent payments made after completion. It will be observed that by this arrangement the Government would be considerable gainers, inasmuch as the original expenditure would be reduced to Rs. 56,41,463, and the percentage of returns would be raised to about 9·2 per cent.

Suppossing, however, that Travancore would not accept* these terms and that a payment of Rs. 50,000 per annum be insisted upon from the date of taking over the land; even then, at the end of eight years, four lakhs only would have been paid, and the percentage would amount to somewhat above that which is now estimated, on the supposition that eight lakhs should be paid in the first eight years.

* NOTE.—I consider this unlikely.—J.C.H.

I would suggest, therefore, that I may be allowed to treat with the Travancore Sirkar under the following lines. Not to "haggle" regarding the payment of the lump sum of 12½ lakhs, or the annual payment of Rs. 50,000, but to endeavour to extend the payment of the principal over twelve years at the rate of one lakh per annum and one and-a-half lakhs in the twelfth year, or to delay the payments of the annual rent as far as I can persuade Travancore to go. To stipulate that on abandonment of the work prior to completion all monies are to be paid back and matters to return to *statu quo ante*. That in case of payment of the principal within twelve years being adopted, jurisdiction is to pass to the British Government on the first payment, and sovereignty on the last.

That in case of annual rent being adopted, jurisdiction is to remain with Travancore. That the British Government have the option of extinguishing the principal by part payments or payment in a lump sum at any time, the rent payments to be proportionately reduced and the sovereignty to pass on final payment.

NOTE.—There is a permanent First-class European Hill Magistrate and a Third-class Magistrate whose headquarters are at Pirméd.

I spoke to the Dewan this morning and he expressed himself anxious that this business should be brought to a close, inasmuch as its pendency causes a certain amount of unsettled feeling between the Governments.

I explained to him my proposal that Travancore should not charge any rent for the land whilst the engineers were trying to construct the works, but that the

moment that Travancore water was carried off to British India, a rent of Rs. 50,000 per annum should be paid, and he seemed to think this a fair enough plan; he said, however, "let us have some definite proposal as soon as possible."

Demi-official letter from J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 24th June 1885.

Your confidential of the 19th.

I shall proceed at once with negotiations on the lines indicated in my letter of the 19th.

I am in hopes of securing favorable terms.

Please order me to be furnished, with least possible delay, with plans or maps of the locality, showing the area which will probably be covered by the reservoir and which may be required for "works."

From J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 8th July 1885.

I have the honor to forward copy of a memorandum which I lately placed in the hands of the Dewan of Travancore to be laid before His Highness the Maharaja.

2. This morning the Dewan called upon me and stated to the following effect. The Travancore Sirkar are willing to act on the spirit of that memorandum and to permit the British Government to begin at any time the works necessary to the execution of the Periyar project, and will not charge any rent during the progress of these works, nor until the water of Travancore is diverted into British India. On the diversion of the water, and commencing from that date, the British Government to pay to Travancore a yearly rent of Rs. 50,000 (half-a-lakh).

3. I would observe that these terms are more favorable than any that have been heretofore proposed, and exceed in liberality any terms I had hoped to secure.

4. Such being my opinion, I do not know whether the Government would wish me to endeavour to obtain a reduction of the yearly rental.

If they desire me to do so, it is possible I may be able to effect this; but the effort to do so would be against my inclination.

5. In former negotiations a fixed period was assigned for the payment of the price or the rent, and any failure to complete the works within that period would have entailed great extra expense. By the present arrangement that risk is avoided; the Madras Government can proceed leisurely with the work, according to the means at their disposal, and no expense will be incurred as regards rent until the work is in a position to become remunerative.

The outright sale of the land is most distasteful to Travancore and should not be pressed, but the lease on the terms I have indicated may be framed to run whilst the sun and moon endure, or until the works collapse permanently.

ENCLOSURE.

PERIYAR PROJECT.

My proposal is based on the following facts.

The site of the proposed project is at present utilised for no purpose. The timber growing thereon is not used and the land unoccupied. Until water is diverted from the existing channels, or the flow of water diminished below the site of the proposed bund, the Travancore State suffers no injury whatever; no loss and no damage.

If the engineers who attempt to make this enormous work fail, and are unable to divert the water, the British Government will have lost no small amount of money; but Travancore will not have lost anything except some not very valuable trees, the cost of which could easily be estimated. If the work is successful, Travancore will derive from lands (at present totally unproductive) an income of half-a-lakh per annum in perpetuity.

She has therefore a substantial interest in the success of the scheme, and runs no risk and incurs no expenses of any kind or sort in the attempts to carry out the work. That risk and expense is undertaken by the British Government.

Why then should Travancore increase the expenses of the active prosecution of a mutually beneficial scheme by demanding payments whilst the work is in progress and before it can be positively declared to be practical?

I would propose that instead of adding to the expenses of, and thus hindering a work which is meant to be mutually beneficial, and which is already too fully beset with difficulties, expenses, and uncertainties, she do that which would be an act at the same time graceful and inexpensive, and permit the British Government to proceed with the experiment without charging them for the site until either the work is completed or abandoned, or at any rate until a time sufficient for the completion of the work has elapsed, say, eight years.

The moment the work is completed the British Government may be called upon to pay half-a-lakh of rupees per annum as rent for the site which still will belong to Travancore, being merely let on a long lease.

I really consider that this will prove as remunerative an irrigation work as Travancore is likely to devise. At no cost and without incurring any risk, she will, after eight years, realise (from a portion of land which has been valueless for ages, and which, under ordinary circumstances, will continue valueless for ages) an annual net income of Rs. 50,000 independent of seasons or all ordinary contingencies.

In fact, the lease amount may be made payable from a date in 1893 or the equivalent ($12\frac{1}{2}$ lakhs) as preferred. These are minor particulars.

24th June 1885. (Signed) J. C. HANNYNGTON.

NOTE.

I would quite agree to the payment of Rs. 50,000 annually as rent for the land taken up from the date on which water is diverted into Madura district.

The terms of the lease would generally agree with those proposed for the sale agreement. Eight thousand acres to be rented permanently, and any land required in excess of that extent for, say, twenty years. The water-spread of the reservoir, which would be defined by the water itself when the reservoir filled, not to be demarcated, as it would obviously be a great waste of time and money to cut a contour path for miles through impenetrable forests, but all other land to be surveyed and properly demarcated.

Nothing need be said about cutting bamboos and timber outside of the land to be rented. I am informed that there will be no necessity for so doing.

I would only add that I think we should strike while the iron is hot. I understand that the Secretary of State is willing to accept any reasonable terms which may be settled by this Government, and which do not include the cession of territory or materially alter the financial position of the project.

20th June 1885. (Signed) J. O. HASTED, Colonel, R.E.,
Joint Secy. to Govt., Public Works Dept.
Irrigation Branch.

Demi-official letter from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated Ootacamund, 29th July 1885.

With reference to your confidential letter of the 8th instant and memorandum forwarded therewith on the subject of the Periyar project negotiations, I am to say that the Government are willing to consider the question on the terms proposed, and to desire that you should now put the matter into official form *as soon as possible.*

The Government would agree to the payment of Rs. 50,000 annually as rent for the land taken up, payment to commence from the date on which water is diverted into the Madura district.

The terms of the lease would agree generally with those proposed for the "sale" agreement. Eight thousand acres to be rented permanently, and any land required in excess of that area for, say, twenty years; the water-spread of the reservoir, which would be defined by the water itself when the reservoir filled, not to be demarcated, as it would obviously be a great waste of time and money to cut a contour path for miles through impenetrable forest. All other land, however, to be surveyed and demarcated.

Nothing need be said about cutting bamboos and timber outside of the land to be rented. There will, it is understood, be no necessity for such cuttings.

It would be as well to settle these preliminaries *at once.*

Office note from the Hon. E. F. WEBSTER, Chief Secretary to Government, to the Joint Secretary to Government, Public Works Department, Irrigation Branch, dated Ootacamund, 21st August 1885, No. 1500.

Please read accompanying papers in current No. 811 (G.O., No. 641, dated 17th September 1885), and say if, in your opinion, the terms on which the Sirkar is willing to lease the site of the Periyar project are in all respects satisfactory.

Office note from Colonel J. O. HASTED, R.E., Joint Secretary to Government, Public Works Department, Irrigation Branch, to the Chief Secretary to Government, dated 2nd September 1885.

Referring to your office note of 21st ultimo, No. 1500.

I object altogether to the "payment of the usual and existing rates" for all timber growing within the area to be leased. Such an arrangement would cause endless trouble and difficulty; the timber will be submerged and destroyed when the reservoir is filled, and I believe the market value of it now is very small. I would strike out the portion of draft enclosed in blue pencil brackets, and would rather increase the rent than consent to its retention.

After the words "minerals and precious stones" in the draft I would add the words "excluding stone, lime, &c., required for the works."

I see nothing further to object to in the draft, but would suggest its going to the Government Solicitor, with the previous drafts of Government which were drawn up, for suggestions.

From J. C. HANNYNGTON, Esq., British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 7th September 1885, No. 109.

In continuation of my letter, No. 99, of the 12th ultimo, I have the honor to state that, having submitted the draft agreement therewith forwarded to the Dewan of Travancore, he appears to approve of the terms, but suggests the following alterations:—

Paragraph 1.—Instead of "and all trees whatever growing," &c., the Dewan says that it was intended by him (*vide* clause 6 of his letter, No. 3200, of the 11th August) that all trees felled should be separately paid for.

The intention is clear, and is provided for in the fifth stipulation which the Dewan suggests may be worded:—

"To fell, without reservation, all such timber growing within the limits of the said area as may be required for the works, and to use the same on payment," &c. The words "and all trees whatever growing on" may therefore be omitted.

Paragraph 2.—Instead of "one year from the date upon which," the Dewan suggests "from the date on which."

All that is required is to make it clear that until the water is diverted there is no liability to payment of rent; the date of diversion of water will be the first day for which rent can be demanded.

Paragraph 6.—After the word "area" the Dewan suggests that the words "and water" be inserted, and after the words "and upon such surrender the whole" the words "of such land and water" be inserted.

There is no objection to this alteration.

I presume that, if the transaction is carried out, the agreement will be submitted to the Government Solicitor for revision.

Demi-official letter from W. WILSON, Esq., Acting Chief Secretary to Government, to the British Resident in Travancore and Cochin, dated 19th September 1885, No. 906.

I am directed to acknowledge receipt of your letter, No. 109, dated 7th September 1885, containing some amendments to the draft agreement on the subject of the Periyar project works, which accompanied your letter of the 12th August, No. 99. The views of Government will be found in G.O., No. 641, Political, dated 17th instant, which disposes of your letter last quoted. The principal questions now at issue are in respect to payment for timber which may be felled in connection with the works and for quarries. If you refer to Mr. Webster's demi-official letter of the 19th June 1885, you will find that the Government intended the rental paid to the Travancore Government to include, in addition to the land required for the project, "the right to cut, without payment, any timber, &c., on the land taken up and (the right) to quarry any material required for the works within those limits."

Both timber and stone are useless to the Travancore State, and it does not seem reasonable that they should be separately charged for if used on the works. Moreover, the practical working of any such arrangement is almost certain to give rise to complications, which had better be avoided.

The Government will not raise any serious objection to the other amendments suggested in your letter of the 7th instant, No. 109, although they are of opinion that they are not needed.